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Economic and Social Commission for Asia and the Pacific**Seventieth session**

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Item 8(a) of the provisional agenda^{*}**Policy issues for the Asia-Pacific region: key challenges to
inclusive and sustainable economic and social development
in Asia and the Pacific****Summary of the Outcomes of the Asia-Pacific Forum on
Sustainable Development and the Asia-Pacific Outreach
Meeting on Sustainable Development Financing^{**}****Note by the secretariat***Summary*

The present document summarizes outcomes and policy discussions of the Asia-Pacific Forum on Sustainable Development, which was held in Pattaya, Thailand, from 19 to 21 May 2014, and the Asia-Pacific Outreach Meeting on Sustainable Development Financing, which was held in Jakarta from 10 to 11 June 2014. Several critical development challenges were discussed at those meetings, especially those related to fostering sustainable development in Asia and the Pacific and financing programmes to support inclusive and sustainable growth. Government representatives at those meetings suggested that ESCAP should provide a platform to hold consultations and support regional deliberations on the development agenda beyond 2015 and on the means for implementing sustainable development goals by underscoring the need for new and innovative sources of financing.

The Commission may wish to deliberate on the development challenges and policy proposals contained in the present document and provide the secretariat with guidance on its recommendations and on any other matters concerning the shaping and financing of the development agenda beyond 2015.

I. Introduction

1. The Asia-Pacific region has experienced a substantial decline in income poverty in recent decades. Between 1990 and 2011, the incidence of extreme poverty (less than \$1.25 a day) dropped from 1.6 billion to 743 million persons. At the same time, large numbers of people live just above the extreme poverty line. The vulnerability of such people is exacerbated by inadequate social protection and the lack of financial inclusion. Moreover, development challenges have had impacts on the

^{*} E/ESCAP/70/L.1/Rev.1/Add.1.^{**} The present document was submitted late because the Asia-Pacific Outreach Meeting on Sustainable Development Financing was held in June 2014, and time was needed to finalize its outcome document.

economies in the region. These include: eradicating poverty and narrowing inequality; infrastructure shortages; inadequate expansion of good-quality jobs in the formal sector; conditions that adversely affect gender equality and women's empowerment; the need to build resilience to multiple shocks; responding to population dynamics and urbanization; enhancing resource efficiency and natural resource management; and addressing climate change. As a result, a critical challenge will be the fostering of sustainable development and exploring the financial resources and mechanisms to implement financing for programmes to support inclusive growth.

2. Following the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012, the high-level political forum on sustainable development was established "as the guardian of the sustainable development agenda" and in response to the need for reforming the institutional framework for sustainable development. Through resolution 67/290, the General Assembly underlined the regional dimension of sustainable development by inviting the regional commissions to contribute to the work of the high-level political forum, including through annual regional meetings, involving relevant regional entities, major groups and other stakeholders, as appropriate.

3. In 2013, the General Assembly decided to establish an intergovernmental committee of experts on sustainable development financing, as called for in the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want".¹ That committee would implement an intergovernmental process, which would "assess financing needs, consider the effectiveness, consistency and synergies of existing instruments and frameworks and evaluate additional initiatives, with a view to preparing a report proposing options on an effective sustainable financing strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives". The intergovernmental committee would conclude its work by 2014. The Asia-Pacific Outreach Meeting on Sustainable Development Financing was intended to offer perspectives on financial market developments and some key issues and challenges facing the region in financing sustainable development and other priorities.

4. The Asia-Pacific Forum on Sustainable Development, which was held in Pattaya, Thailand, from 19 to 21 May 2014, was attended by more than 277 participants, including 161 representatives of Governments² from 32 ESCAP member States, namely Armenia; Australia; Azerbaijan, Bangladesh; Bhutan; Cambodia; China; Fiji; India; Indonesia; Iran (Islamic Republic of); Japan; Kazakhstan; Kyrgyzstan; Lao People's Democratic Republic; Malaysia; Mongolia; Myanmar; Nauru; Nepal; Pakistan; Philippines; Republic of Korea; Russian Federation; Singapore; Sri Lanka; Tajikistan; Thailand; Turkey; Uzbekistan; Vanuatu; and Viet Nam. Also attending the meeting were 36 representatives from international and United Nations organizations and other entities in addition to 61 representatives from the private sector and stakeholder organizations.

5. The Asia-Pacific Outreach Meeting on Sustainable Development Financing, which was held in Jakarta from 10 to 11 June 2014, was attended

¹ General Assembly resolution 66/288, annex.

² Including 3 ministers, 2 vice-ministers and 14 high-level officials, such as ambassadors, directors-general, joint secretaries and permanent representatives.

by more than 150 participants, including 70 representatives of Governments³ from 28 ESCAP member States, namely Australia; Bangladesh; Bhutan; Cambodia; China; Democratic People's Republic of Korea; India; Indonesia; Japan; Kiribati; Lao People's Democratic Republic; Malaysia; Myanmar; Pakistan; Papua New Guinea; Philippines; Republic of Korea; Russian Federation; Samoa; Solomon Islands; Sri Lanka; Thailand; Tonga; Turkey; Tuvalu; United States of America; Vanuatu; and Viet Nam, as well as 2 from outside the region, namely Germany and Switzerland. There were also 30 representatives from international and United Nations organizations and other entities, and 50 representatives from the private sector, civil society organizations and other stakeholder organizations.

6. The meetings expressed deep appreciation to the Governments and people of Thailand and Indonesia for hosting the Asia-Pacific Forum on Sustainable Development and the Asia-Pacific Outreach Meeting on Sustainable Development Financing, respectively.⁴

II. Brief review of key issues and policy discussions

A. Asia-Pacific Forum on Sustainable Development

7. The participants in the Asia-Pacific Forum on Sustainable Development emphasized the need for greater attention to region-specific priorities, including, among others: disaster risk reduction and resilience; addressing the vulnerability of small island developing States and of marginalized groups; employment generation, particularly for youth; a rights-based approach to migration; urbanization and the "demographic dividend"; deepening regional integration and connectivity, including affordable access to information and communications technology (ICT); and a focus on inclusive, balanced and sustained economic growth that respects the nine "planetary boundaries" identified by the Stockholm Resilience Centre.

8. It was noted at the meeting that unique regional priorities need to be further strengthened in the global deliberations of the 30-member Open Working Group of the General Assembly on Sustainable Development Goals and the intergovernmental high-level political forum on sustainable development under the auspices of the General Assembly and the Economic and Social Council.

9. The participants identified key strategies for implementation of sustainable development objectives, including: building a low-carbon society; advocating resource productivity; improving food security through sustainable agriculture; fostering education for sustainable development; strengthening integrated water resources management; and building a green economy in the context of poverty eradication.

10. The meeting underscored the importance of critical policy issues related to the means of implementation, including financing for sustainable development; science, technology, and innovation; rule-based and equitable

³ Including 13 ministers/deputy ministers of finance, planning and/or investment, and 5 central bank governors/deputy-governors.

⁴ The documents related to the two meetings are available on the ESCAP website: those for the Asia-Pacific Forum on Sustainable Development at www.unescap.org/events/apfsd, and those for the Asia-Pacific Outreach Meeting on Sustainable Development Financing at www.unescap.org/events/asia-pacific-outreach-meeting-sustainable-development-financing.

multilateral trading systems; strengthened global and South-South partnerships, including with the private sector, for development; and effective governance at all levels for transformation towards sustainable development. The participants also highlighted the need for policies to address ecological sustainability, food sovereignty and universal health coverage, including sexual and reproductive health rights without discrimination.

11. The participants encouraged ESCAP to strengthen its programmes in a number of areas, for example, by: establishing two new committees, one on financing for development and the other on science, technology and innovation; undertaking the development of a regional road map for sustainable development; development of an effective monitoring, evaluation and reporting framework on progress in the implementation of sustainable development goals; collaborating with United Nations agencies, academia and key stakeholders in establishing a new knowledge platform; further supporting regional cooperation and integration; and providing coherent policy advice.

12. The participants emphasized that the Asia-Pacific Forum on Sustainable Development platform should provide an important high-level mechanism for the region to realize sustainable development, and bring regional and national voices and perspectives to the global efforts in this regard.

B. Asia-Pacific Outreach Meeting on Sustainable Development Financing

13. The participants in the Asia-Pacific Outreach Meeting on Sustainable Development Financing underscored the need for adopting a framework for sustainable development financing that could analyse the scope and potential of all sources of financing for the region. In particular, policy focus was highlighted in a number of areas, including: the scope for domestic resource mobilization through tax and capital markets; institutional investments, and leveraging those through public-private partnerships; the need for financial inclusion for all; climate finance requirements; external resources, specifically official development assistance and private flows; and efforts to forge new and better partnerships for financing sustainable development.

14. The meeting noted that investments in sustainable development could cost as much as \$2.5 trillion per year if the infrastructure gaps in Asia and the Pacific are to be closed. That amount was needed to provide universal access to social protection, health and education, and to implement measures to mitigate climate change. However, that amount represented only 7.5 per cent of the \$33 trillion that was being held by affluent individuals in the region at the end of 2012.

15. The meeting emphasized the importance of strengthening the developmental role of fiscal policy in achieving social and environmental goals and reducing inequalities. The participants also noted that the Asia-Pacific region's capital markets needed to be broadened and strengthened to better serve the real economy while recognizing the institutional and regulatory challenges in the least developed countries in the region and the Pacific island developing States. It was emphasized that policies would require the development of domestic institutional investors, such as pension funds and asset management firms, that could support the progress of domestic capital markets by enhancing the demand for financial products and providing liquidity.

16. The meeting recognized the initiative of China in establishing an Asia infrastructure investment bank. It also noted a proposal to create a "passport" for capital, akin to a telephone number that included an international country code which would help to tackle the issues of profit shifting, transfer pricing and money laundering. The meeting further stressed the importance of South-South and triangular development cooperation in the Asia-Pacific region to enhance financing for sustainable development.

17. The participants stressed that ESCAP could conduct studies in such areas as the development of capital markets for small and medium-sized enterprises and social enterprises, social corporate responsibility and the funding of infrastructure in local communities.

III. The way forward

18. The participants in the Asia-Pacific Forum on Sustainable Development agreed that the Chair's summary, as the main outcome of the meeting, would be brought to the attention of the second meeting of the high-level political forum when it gathered in New York in June/July 2014. The Asia-Pacific Forum on Sustainable Development made proposals for regional action on the way forward, including that the Asia-Pacific Forum should be guided by the mandates contained in General Assembly resolution 67/290, and that it should facilitate subregional consultations and processes that support regional deliberations and implementation of the development agenda beyond 2015. Some delegations stated that future sessions of the Asia-Pacific Forum on Sustainable Development should be a stand-alone initiative, and those sessions should be convened in such a manner that they could maximize synergy with ESCAP Commission sessions.

19. The participants in the Asia-Pacific Outreach Meeting on Sustainable Development Financing were of the view that the region would require a financial system that was efficient, fair and predictable, and that cooperation would be needed to secure new and innovative financing at the national and regional levels to fund the development agenda beyond 2015 for the region. They identified the need for creating new regional financial architecture and mechanisms to use regional savings to finance inclusive and sustainable development in Asia and the Pacific. It was further recognized at the meeting that, in going forward, the region should work collectively to ensure that it nurtured strong and stable financial systems. To achieve that, policymakers and regulators would need to work with the private sector to develop more diversified and balanced financial sectors, which were key to reinforcing financial stability and sustainability, as well as to extending finance to meet people's needs and the region's sustainable development aspirations.

20. The participants in both meetings highlighted the importance of undertaking effective monitoring, evaluation and reporting on progress in the implementation of sustainable development goals and suggested establishment of measurable goals and targets that could capture the multidimensional nature of sustainable development in order to monitor progress towards related targets, and to create a framework for implementation of those objectives with stable sources of financing. In that regard, it was recommended that further examination of the operational modalities of the Asia-Pacific Forum on Sustainable Development be carried out, including the relationship between the ESCAP Commission sessions and the Forum itself, as well as further consideration of proposals that should be undertaken in consultation with member States and stakeholders.

21. The participants in both meetings also highlighted the importance of creating two new committees: one on financing for development and the other on science, technology and innovation, as well as the need to develop a regional sustainable development road map and a framework for tracking progress on sustainable development goals and related financing mechanisms. They felt that there was a need to establish a new knowledge platform and to engage ESCAP in such a way that the voice of the Asia-Pacific region would be taken into account in shaping the contours of the development agenda beyond 2015.
